

Senate Study Bill 1348

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON DVORSKY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing the office of energy independence and the
2 Iowa power fund and related provisions, making appropriations,
3 and providing an effective date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 1 Section 1. NEW SECTION. 469.1 DEFINITIONS.
1 2 For the purposes of this chapter:
1 3 1. "Board" means the Iowa power fund board created in
1 4 section 469.4.
1 5 2. "Committee" means the due diligence committee created
1 6 in section 469.5.
1 7 3. "Director" means the director of the office of energy
1 8 independence.
1 9 4. "Fund" means the Iowa power fund created in section
1 10 469.7.
1 11 5. "Office" means the governor's office of energy
1 12 independence.
1 13 Sec. 2. NEW SECTION. 469.2 OFFICE OF ENERGY
1 14 INDEPENDENCE.
1 15 The office of energy independence is established in the
1 16 office of the governor to coordinate state activities
1 17 concerning energy independence.
1 18 Sec. 3. NEW SECTION. 469.3 DIRECTOR OF OFFICE OF ENERGY
1 19 INDEPENDENCE.
1 20 1. A director of the office of energy independence shall
1 21 be appointed by the governor, subject to confirmation by the
1 22 senate, and shall serve at the pleasure of the governor. The
1 23 governor shall fill a vacancy in the office in the same manner
1 24 as the original appointment was made. The director shall be
1 25 selected primarily for administrative ability and knowledge
1 26 concerning renewable energy, renewable fuels, and energy
1 27 efficiency. The salary of the director shall be fixed by the
1 28 governor.
1 29 2. The director shall do all of the following:
1 30 a. Direct the governor's office of energy independence.
1 31 b. Manage the Iowa power fund.
1 32 c. Lead outreach and public education efforts concerning
1 33 renewable energy, renewable fuels, and energy efficiency.
1 34 d. Pursue new research and investment funds from federal
1 35 and private sources.
2 1 e. Coordinate and monitor all existing state and federal
2 2 renewable energy, renewable fuels, and energy efficiency
2 3 grants and programs.
2 4 f. Advise the governor concerning renewable energy,
2 5 renewable fuels, and energy efficiency policy and legislation.
2 6 g. Establish performance measures for determining
2 7 effectiveness of renewable energy, renewable fuels, and energy
2 8 efficiency efforts.
2 9 h. Utilize assistance from the department of economic
2 10 development regarding administration of grants, loans, and
2 11 other financial incentives related to section 469.7,
2 12 subsection 4, paragraph "a", subparagraph (1), the department
2 13 of natural resources and the utilities board regarding
2 14 assistance in the administration of grants, loans, and other
2 15 financial incentives related to section 469.7, subsection 4,
2 16 paragraph "a", subparagraph (2), and other state agencies as
2 17 appropriate.

2 18 i. Develop a state energy plan.
2 19 j. Submit an annual report to the governor and general
2 20 assembly by November 1 of each year concerning the activities
2 21 and programs of the office, Iowa power fund, and other
2 22 departments related to renewable energy, renewable fuels, and
2 23 energy efficiency. The report shall include an assessment of
2 24 needs with respect to renewable energy, renewable fuels, and
2 25 energy efficiency efforts and policy and fiscal
2 26 recommendations for renewable energy, renewable fuels, and
2 27 energy efficiency.

2 28 k. Adopt rules pursuant to chapter 17A concerning the
2 29 office, the Iowa power fund, and the programs and functions of
2 30 the office and the fund.

2 31 Sec. 4. NEW SECTION. 469.4 IOWA POWER FUND BOARD.

2 32 1. A nine-member Iowa power fund board is created with the
2 33 following membership:

2 34 a. The chairperson of the utilities board or the
2 35 chairperson's designee.

3 1 b. The director of the department of economic development
3 2 or the director's designee.

3 3 c. The director of the department of natural resources or
3 4 the director's designee.

3 5 d. Six members appointed by the governor subject to
3 6 confirmation by the senate. An appointee shall have
3 7 demonstrated experience or expertise in one or more of the
3 8 fields of renewable energy, renewable fuels, energy
3 9 efficiency, greenhouse gas reductions, utility operations,
3 10 research and development of new technologies,
3 11 commercialization of new technologies, and economic
3 12 development.

3 13 2. The members appointed by the governor shall be
3 14 appointed for three-year staggered terms beginning and ending
3 15 as provided in section 69.19. A vacancy on the board shall be
3 16 filled for the unexpired term in the same manner as the
3 17 original appointment was made.

3 18 3. The members of the board shall be reimbursed for actual
3 19 and necessary travel and related expenses incurred in the
3 20 discharge of official duties. Each member of the board may
3 21 also be eligible to receive compensation as provided in
3 22 section 7E.6.

3 23 4. A majority of the members of the board constitutes a
3 24 quorum, and a majority of the total membership of the board is
3 25 necessary to act in any matter within the jurisdiction of the
3 26 board.

3 27 5. The duties of the board include all of the following:

3 28 a. Consider and approve grants, loans, or investments made
3 29 from the fund.

3 30 b. Advise the governor and director concerning strategic
3 31 direction for the fund.

3 32 c. Provide the governor with advice concerning economic
3 33 development, policy, technical issues, and strategic direction
3 34 concerning renewable energy, renewable fuels, and energy
3 35 efficiency.

4 1 d. Direct moneys from the fund to be used to purchase
4 2 private or public technical assistance needed to conduct due
4 3 diligence activities.

4 4 Sec. 5. NEW SECTION. 469.5 DUE DILIGENCE COMMITTEE.

4 5 1. A seven-member due diligence committee is created to
4 6 review applications that will come before the board for
4 7 financial assistance from moneys in the fund. The committee,
4 8 after a thorough review, shall determine whether a proposed
4 9 project using moneys from the fund is practical and shall
4 10 provide recommendations to the board regarding any moneys
4 11 proposed to be expended from the fund. Membership of the
4 12 committee shall consist of the following:

4 13 a. One member designated by the director of the office of
4 14 energy independence with expertise in the financing of new
4 15 businesses.

4 16 b. One member designated by the president of the state
4 17 board of regents.

4 18 c. One member designated by the director of the department
4 19 of economic development.

4 20 d. One member designated by the director of the Iowa
4 21 energy center.

4 22 e. One member designated by the director of the department
4 23 of economic development who represents the three targeted
4 24 industries of biosciences, advanced manufacturing, and
4 25 information technology.

4 26 f. Two members of the Iowa power fund board designated by
4 27 the chairperson of the board.

4 28 2. A majority of the members of the committee shall

4 29 constitute a quorum, and a quorum shall be necessary to act on
4 30 any matter within the jurisdiction of the committee.

4 31 3. The director of the office of energy independence shall
4 32 provide office space, staff assistance, and necessary supplies
4 33 and equipment to the committee. The director shall budget
4 34 moneys to pay the compensation expenses of the committee. In
4 35 performing its functions, the committee is performing a public
5 1 function on behalf of the state and is a public
5 2 instrumentality of the state.

5 3 Sec. 6. NEW SECTION. 469.6 CONFLICTS OF INTEREST.

5 4 If a member of the board or due diligence committee has an
5 5 interest, either direct or indirect, in a project for which
5 6 financial assistance may be provided by the board, the
5 7 interest shall be fully disclosed to the board in writing.
5 8 The member having the interest shall not participate in the
5 9 decision-making process with regard to the provision of such
5 10 financial assistance to the project.

5 11 Sec. 7. NEW SECTION. 469.7 IOWA POWER FUND.

5 12 1. An Iowa power fund is created in the state treasury
5 13 under the control of the office. The fund shall be separate
5 14 from the general fund of the state and the balance in the fund
5 15 shall not be considered part of the balance of the general
5 16 fund of the state. However, the fund shall be considered a
5 17 special account for the purposes of section 8.53, relating to
5 18 generally accepted accounting principles.

5 19 2. The fund shall be used to further the goals of
5 20 increasing the production, development, and use of biofuels
5 21 and other sources of renewable energy, improve energy
5 22 efficiency, and reduce greenhouse gas emissions, and shall
5 23 encourage and provide for research, development,
5 24 commercialization, and the implementation of energy
5 25 technologies and practices. The technologies and practices
5 26 should reduce this state's dependence on foreign sources of
5 27 energy and finite fossil fuels, reduce emissions of greenhouse
5 28 gases and other environmental impacts, and meet the demand for
5 29 energy services in an economically viable manner. The
5 30 research, development, commercialization, implementation, and
5 31 distribution of such technologies and practices are intended
5 32 to sustain the environment and develop business in this state
5 33 as Iowans market these technologies and practices to the
5 34 world.

5 35 3. The fund shall consist of appropriations made to the
6 1 fund and other moneys available to and obtained or accepted by
6 2 the office from federal or private sources to the credit of
6 3 the fund. Notwithstanding section 12C.7, subsection 2,
6 4 interest or earnings on moneys in the fund shall be credited
6 5 to the fund.

6 6 4. a. Moneys available in the fund for a fiscal year are
6 7 appropriated to the office to be used in providing financial
6 8 assistance to entities conducting business, research, or
6 9 programs in Iowa:

6 10 (1) To accelerate research and development, knowledge
6 11 transfer, technology innovation, and improve the economic
6 12 competitiveness of efforts furthering the goals stated in
6 13 subsection 2.

6 14 (2) To increase the demand for and educate the public
6 15 about technologies and approaches furthering the goals stated
6 16 in subsection 2.

6 17 b. Eligibility criteria for grants awarded or loans made
6 18 pursuant to paragraph "a" after due diligence activities shall
6 19 be established by the director by rule, and shall include
6 20 documentation relating to the actual or potential development
6 21 of the following:

6 22 (1) Commercialization of technology and product
6 23 development for sale in the national and international market.

6 24 (2) Utilization of crops and products grown or produced in
6 25 this state.

6 26 (3) Reduction of greenhouse gas emissions and carbon
6 27 sequestration.

6 28 (4) Private or federal matching funds.

6 29 c. The board may reclaim any moneys granted or loaned if
6 30 the commitments set forth in the documentation required
6 31 pursuant to paragraph "b" are not met.

6 32 d. All grant and loan recipients must provide to the board
6 33 a report on the use and effectiveness of the moneys granted or
6 34 loaned on a periodic basis as determined by the board.

6 35 5. Except as otherwise designated by law, the office shall
7 1 not utilize more than two hundred fifty thousand dollars of
7 2 the amount appropriated from the fund for a fiscal year for
7 3 administrative costs.

7 4 6. Notwithstanding section 8.33, moneys credited to the

7 5 Iowa power fund shall not revert to the fund from which
7 6 appropriated.

7 7 Sec. 8. NEW SECTION. 469.8 IOWA POWER FUND ==
7 8 APPROPRIATION.

7 9 1. There is appropriated from the general fund of the
7 10 state to the office of energy independence for each fiscal
7 11 year of the fiscal period beginning July 1, 2008, and ending
7 12 June 30, 2011, the sum of twenty-five million dollars to be
7 13 used for awarding grants and making loans from the Iowa power
7 14 fund created in section 469.7.

7 15 2. Of the moneys appropriated to the office and deposited
7 16 in the fund, the following shall be allocated on an annual
7 17 basis as follows:

7 18 a. For energy planning and education:

7 19 (1) One hundred fifty thousand dollars to the department
7 20 of natural resources for development of the state energy plan
7 21 pursuant to section 473.7.

7 22 (2) One hundred fifty thousand dollars to the department
7 23 of natural resources for the operation of a greenhouse gas
7 24 commission.

7 25 (3) Two hundred thousand dollars to the department of
7 26 public safety for education, training, and outreach by the
7 27 state building code commissioner to encourage compliance with
7 28 energy conservation requirements incorporated into the state
7 29 building code established in chapter 103A.

7 30 (4) Three hundred thousand dollars to the department of
7 31 education to develop a database for school energy consumption.

7 32 (5) One hundred thousand dollars to the center for energy
7 33 and environmental education at the university of northern Iowa
7 34 for public education and outreach relating to energy
7 35 conservation.

8 1 (6) One hundred thousand dollars to the center for global
8 2 and regional environmental research for public education and
8 3 outreach on greenhouse gas reductions in this state.

8 4 b. For energy efficiency:

8 5 (1) One million dollars to the Iowa power fund board for
8 6 grants for green building public and school building
8 7 construction.

8 8 (2) One million dollars to the Iowa power fund board for
8 9 local government and nonprofit energy saving innovation
8 10 grants.

8 11 c. For renewable energy and fuels development:

8 12 (1) One million dollars for expansion of the alternate
8 13 energy revolving loan fund administered by the Iowa energy
8 14 center pursuant to section 476.46.

8 15 (2) Five hundred thousand dollars to the Iowa energy
8 16 center for additional research projects.

8 17 (3) Five hundred thousand dollars to the university of
8 18 northern Iowa for a development project relating to perennial
8 19 prairie grass as a source of power and fuel.

8 20 Sec. 9. IOWA POWER FUND. There is appropriated from the
8 21 general fund of the state to the office of energy independence
8 22 for the fiscal year beginning July 1, 2006, and ending June
8 23 30, 2007, the following amount, or so much thereof as is
8 24 necessary, to be used for the purposes designated:

8 25 For deposit in the Iowa power fund created in section
8 26 469.7:

8 27 \$ 24,420,000

8 28 The amount appropriated in this section is subject to the
8 29 annual allocations to be made from the fund pursuant to
8 30 section 469.8.

8 31 Sec. 10. EFFECTIVE DATE. This Act, being deemed of
8 32 immediate importance, takes effect upon enactment.

8 33 EXPLANATION

8 34 This bill creates the governor's office of energy
8 35 independence, the position of director of the office of energy
9 1 independence, the Iowa power fund board, a due diligence
9 2 committee, and the Iowa power fund in new Code chapter 469.
9 3 Duties for the office, director, committee, and board are
9 4 specified. Grants, loans, and investments made from the fund
9 5 are subject to approval by the board.

9 6 The bill provides that the Iowa power fund shall be used to
9 7 further the goals of increasing the production, development,
9 8 and use of biofuels and other sources of renewable energy,
9 9 improve energy efficiency, and reduce greenhouse gas
9 10 emissions, and shall encourage and provide for research,
9 11 development, commercialization, and the implementation of
9 12 energy technologies and practices. Further, the technologies
9 13 and practices are intended to reduce the state's dependence on
9 14 foreign sources of energy and finite fossil fuels, reduce
9 15 greenhouse gas emissions, and meet the demand for energy in an

9 16 economical manner, sustain the environment, and develop
9 17 business in Iowa.

9 18 The bill specifies that moneys appropriated to the fund or
9 19 otherwise deposited into the fund shall be used to provide
9 20 financial assistance to entities in this state conducting
9 21 business, research, or programs to accelerate research and
9 22 development, knowledge transfer, technology innovation, and
9 23 improve economic competitiveness, and to increase the demand
9 24 for and educate the public about technologies and approaches,
9 25 all in furtherance of the goals established for the fund.
9 26 Eligibility criteria for grants or loans from the fund, to be
9 27 established by the director, are set forth.

9 28 The bill appropriates \$24,420,000 to the Iowa power fund
9 29 from the general fund of the state for fiscal year 2007=2008,
9 30 and \$25 million annually for fiscal years 2008=2009,
9 31 2009=2010, and 2010=2011. The bill makes allocations from the
9 32 appropriated amounts to specified agencies or entities for the
9 33 purposes of energy planning and education, energy efficiency,
9 34 and renewable energy and fuels development.

9 35 The bill takes effect upon enactment.

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